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The Conference Board
70th Anniversary

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

- NEW ORDERS REMAIN SLUGGISH
- INDUSTRIAL ACTIVITY NOT IMPROVING
- COMMODITY PRICES CONTINUE TO FALL
- AND THE LABOR MARKET HAS COOLED OFF
- BUT MANUFACTURING EXPORTS ARE RISING
- HOME SALES SURGE
- OUTLOOK * SECOND QUARTER STARTED OFF SLOWLY BUT FORECASTS STILL EXPECT GROWTH TO ACCELERATE THIS SUMMER

OVERVIEW: Economic growth is reasonably vigorous at the moment and the outlook is for some further quickening. Real GNP grew at a seasonally adjusted 3.2% annual rate in the first quarter. The median of the **Economic Forecasts** is for a 3.4% rise in the second quarter, speeding up to a quite strong 4.7% rise in the third quarter. Strong fiscal stimulus and money growth, lower interest rates and lower energy prices are all factors built into that bullish outlook.

Economic growth, however, is now concentrated in a few sectors. Most notably, the financial market has been active for some time now. Growth in service industries has remained vigorous over the last year and a half. Now, exports of manufactured goods have begun to pick up a bit. And construction activity, after a brief respite, may be rebounding.

Prospects for accelerated growth hinge on whether the industrial core of the economy can break out of its doldrums. Rosy **Economic Forecasts** imply that it will, but there is scant evidence of any factory revival developing.

Still, even with stagnant conditions in manufacturing, this economy is growing at a reasonably good clip. And renewed industrial expansion could push the growth rate from about 3% to a very rapid 5% pace—unusually strong for a 4-year old expansion. But, as mentioned above, the degree of stimulus available at this late date is also highly unusual.

DOMESTIC MARKET MONITOR

Labor-market activity, after a brief spurt late in 1985, has quieted down. Job gains over the last 3 months have been concentrated in retail trade, finance and business services. Construction jobs, after falling for 2 months, recovered in April. But employment has declined a bit in transportation and utilities and in nondurable manufacturing. Job losses in transportation equipment, primary metals and electric machinery resulted in a sharp decline for durable manufacturing as a whole.

Labor-market conditions may not improve much over the next few months. The Conference Board's **Help-wanted Index** stood at 138 (1967 = 100) in March, down from 145 only 3 months earlier. And early returns to the April survey suggest that this measure of labor demand may have suffered a loss of about 5 points that month. A rise in home sales may spur a faster pace of construction, and hiring. Elsewhere there are few signs of any pickup in labor demand.

Income gains have been reasonably strong, although unevenly distributed. And there is some indication that income growth could slow a bit. Wages in commodity-producing industries were 0.7% lower in April than 3 months earlier. Wages in other industries were 6.5% higher. Most of the employment gain in April, however, was in low-paying jobs taken by teenagers, which could slow the pace of wage increases.

Nonwage income was 3.1% higher in April—despite falling farm and interest income. Rents, dividends and shopkeepers income have continued to rise sharply. Those gains, however, go to those in the upper income-brackets—people more interested in investing in financial instruments than in buying goods.

Consumer borrowing remains subdued. Since interest-rate declines have not extended to revolving credit rates, consumers are using charge cards with discretion. That's another reason why sales of furniture and appliances have been weak. Car sales slumped until the discount-rate promotions were sweetened. Consumers already have a great deal of debt and are exercising caution about adding to those obligations.

Consumer attitudes have remained very fixed over the last year and a half. In April, however, The Conference Board's **Buying Plans Index** shot up. That counterbalances some of the evidence about debt-wariness. It may also indicate that consumers aren't troubled by concern over a potential slowing of income growth.

Ken Goldstein, Editor

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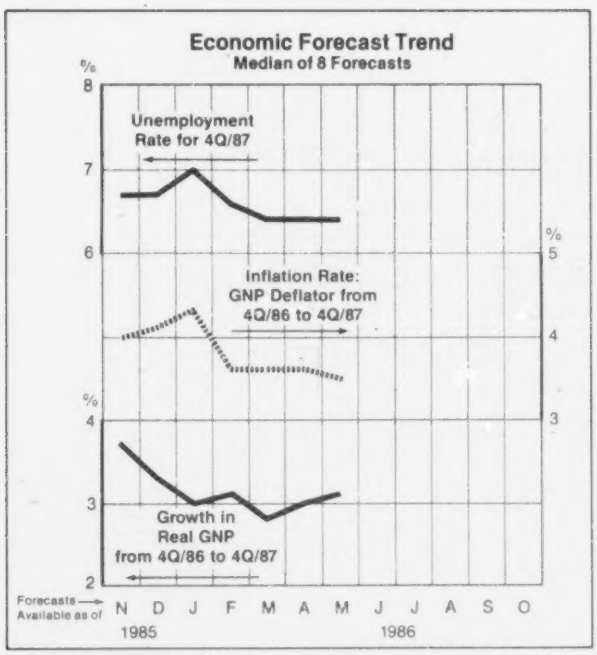


Growth in consumer spending has kept pace with the rise in income. Retail sales, minus autos, were 2% higher in March than 3 months earlier. That gain more than offset a 4.4% decline in autos and parts. Then domestic **Automobile Sales** picked up to a seasonally adjusted 7.8 million annual rate in April, compared with a 7 million rate in March. But nonauto spending slowed in April. Nonretail spending, such as service buying, has been running a little better than the figures on store-buying.

Total housing starts fell in March and February. A 27% rise in new, single-family home sales in March, however, may spur renewed building activity. In fact, construction employment rose in April. Nonresidential construction has also begun to grow more slowly. But in light of declining capacity utilization and high vacancy rates in office buildings, that trend may not turn around right away.

Declines in manufacturing employment and hours in April suggest that industrial production remains sluggish. Output of consumer goods declined in March for the third month; business equipment declined for the second month and material output is also falling. Lower output levels are leaving some plant and equipment idle. Total capacity utilization dropped to 79.4% in March, from 80.7% in January. Durable manufacturing declined by 2% in the last 2 months. The fall was concentrated in auto production—due to slow sales—and primary metals—due a lack of new orders.

With so few new orders, manufacturers have little incentive to speed up production and hire workers. Defense material and machinery orders account for most of the recent gains. But durable-goods orders were 2.3% lower in March than 3 months earlier. Capital goods were 11.6% lower. Primary metals were 3.7% lower. The decline in metal orders is contributing to a sharp slide in metal prices.

INVENTORY: The only inventory accumulation in recent months has been car lots filling as sales slowed. Prices and discount-loan offers were sweetened on selected models, and production cut back. Those moves, plus a gain in sales in April, probably helped reduce car inventory.

PRICES: Lower prices for food, energy and some industrial materials are helping to pare the already low inflation rate. Prices paid to farmers were 9% lower in April than one year ago. Crude oil prices firmed a bit in April, though lower oil prices are still flowing through to the wholesale and retail levels. Industrial metal prices fell 5.7% in April, following a 6.1% decline in March.

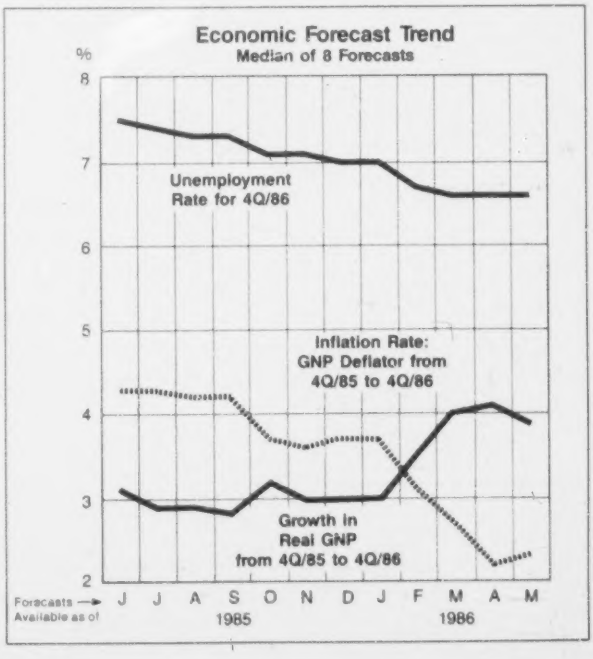
INTERNATIONAL MONITOR

The big rise in the trade deficit made headlines in April. But the rise in manufacturing exports was probably the more important development.

Sharply higher shipments of transportation equipment helped raise total manufactured imports by 13.9% in April. Importers may have been trying to ship material before changes in exchange rates result in price hikes.

Industrial output would have been even lower if exports of manufactured products were not 18.8% higher in March than 3 months earlier. Electrical machinery was 33% higher; chemicals were 20% higher and transportation equipment was 15% higher.

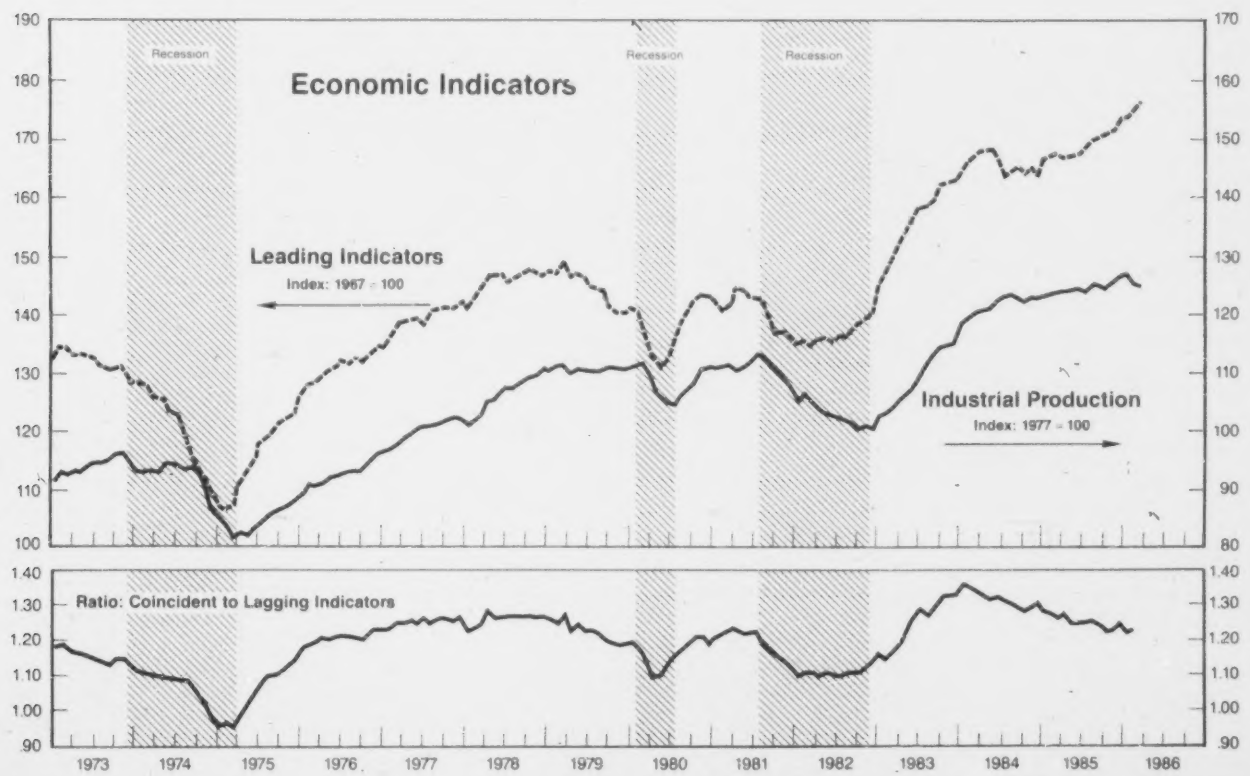
Ken Goldstein
May 8, 1986



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Mar.	X			+ 1.4%	+ 5.4%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Mar.			X	- 8.0%	- 3.4%
New orders, nondefense capital goods (deflated)	Mar.			X	- 6.5%	0.5%
*New business formation	Mar.	X			5.1%	3.8%
*Housing permits	Mar.		X		- 0.9%	6.6%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Mar.			X	- 2.9%	1.6%
*Change in inventory, on hand & order (deflated)	Feb.	X			15.6%	5.1%
Purchasing agents' buying policy	Apr.		X		- 1.0%	- 5.0%
*Vendor performance, reported slower deliveries	Apr.	X			4.0%	6.0%
Industrial raw materials prices	Apr.			X	- 7.7%	- 14.5%
*Change in sensitive material prices	Mar.		X		- 0.3%	0.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Mar.	X			1.4%	4.3%
Change in business loans	Mar.			X	- 20.5%	- 8.4%
*Change in credit outstanding	Mar.			X	- 5.9%	- 8.1%
Change in consumer installment debt	Feb.			X	- 8.0%	- 22.5%
Profitability						
Total corporate profits, after tax (deflated)	4th Q	X			3.4%	2.0%
*Common stock prices	Apr.	X			14.3%	31.8%
Marginal Employment Adjustments						
*Average workweek, mfg.	Apr.		X		- 0.4hr	0.4hr
*Initial unemployment claims (inverted)	Mar.		X		- 0.5%	- 1.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



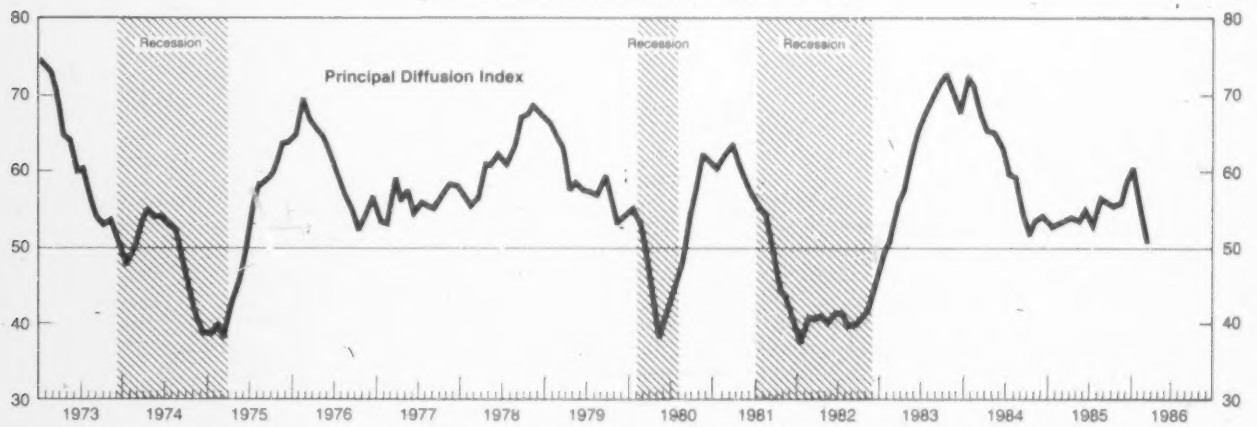
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985 Mar.	1985 Dec.	1986 Jan.	1986 Feb.	1986 Mar. (e)
Principal Diffusion Index	53.8	58.1r	60.5r	55.4r	50.6
Auxillary Diffusion Index	54.3	59.8r	57.8r	33.4r	34.6
Industrial Group	50.6	58.5r	61.3r	52.0r	47.9
Nonindustrial Group	56.9	57.6r	59.7r	58.8r	53.4
Sense of Diffusion					
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	43.6	61.5r	67.5r	57.3r	52.6
Labor	59.0	63.2r	61.8r	52.4r	49.9
Miscellaneous	40.4	42.3	50.6	42.9	35.9
Nonindustrial Subgroups					
Prices	33.3	54.5	54.5	54.5	54.5
Consumer	78.6	67.9	73.1r	67.9r	63.2
Building	63.5	50.0	49.7	49.4r	41.3
Miscellaneous	46.6	54.5r	56.4r	58.8r	50.9

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1983 Aug.	1983 Nov.	1984 Feb.	1984 May	1984 Aug.	1984 Nov.	1985 Feb.	1985 May	1985 Aug.	1985 Nov.	1986 Feb.
	Score (scale 0-100)										
Measure of Business Confidence	75	74	70	65	61	57	61	52	51	55	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	82	80	76	75	70	57	62	48	45	53	63
2. Expectations for Economy, Six Months Ahead	74	73	67	60	57	57	61	53	53	56	62
3. Expectations for Own Industry, Six Months Ahead	69	70	67	61	57	58	61	55	54	56	59

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

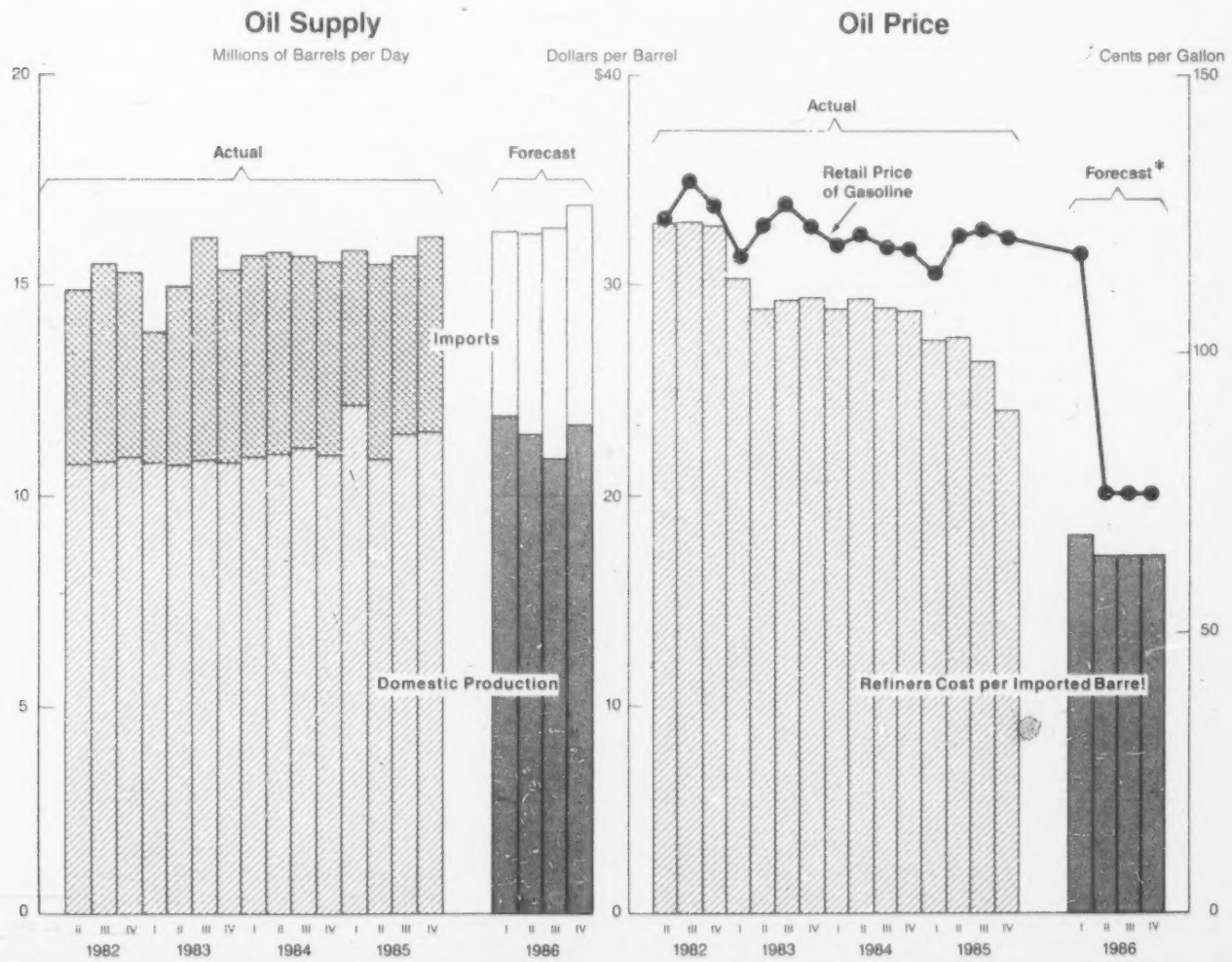
Billions of Dollars, Seasonally Adjusted

	1984			1985				Percent Change From Previous Year	
	II	III	IV	I	II	IIIr	IVp	1985p Actual	1986 Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	34.123	27.309	29.100	29.938	27.560	24.167	27.499	- 7	4
Capital expenditures	21.739	23.034	24.587	23.354	24.911	24.730	26.643	11	8
Change in appropriations backlog*	+10.715	+2.885	+2.302	+4.984	+0.529	-2.702	-2.139		
Durable Goods									
New appropriations	18.702	12.742	15.072	16.737	10.910	12.031	12.452	- 13	0
Capital expenditures	10.041	11.101	12.223	11.648	12.814	12.299	12.802	16	5
Change in appropriations backlog*	+ 8.212	+1.107	+1.797	+4.154	-2.515	-1.094	-2.734		
Nondurable Goods									
New appropriations	15.421	14.567	14.028	13.201	16.650	12.136	15.047	- 2	8
Capital expenditures	11.698	11.933	12.364	11.706	12.097	12.431	13.841	6	10
Change in appropriations backlog*	+2.503	+1.778	+0.505	+0.830	+3.044	-1.608	+0.595		
ELECTRIC & GAS UTILITIES									
New appropriations	7.839r	9.863r	11.554r	9.066	15.509r	5.516p			
Capital expenditures	9.016r	9.212r	9.337r	8.828	9.156r	9.047p			
Change in appropriations backlog*	-2.897r	-1.607r	-3.147r	+0.106	+4.809r	-5.496p			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

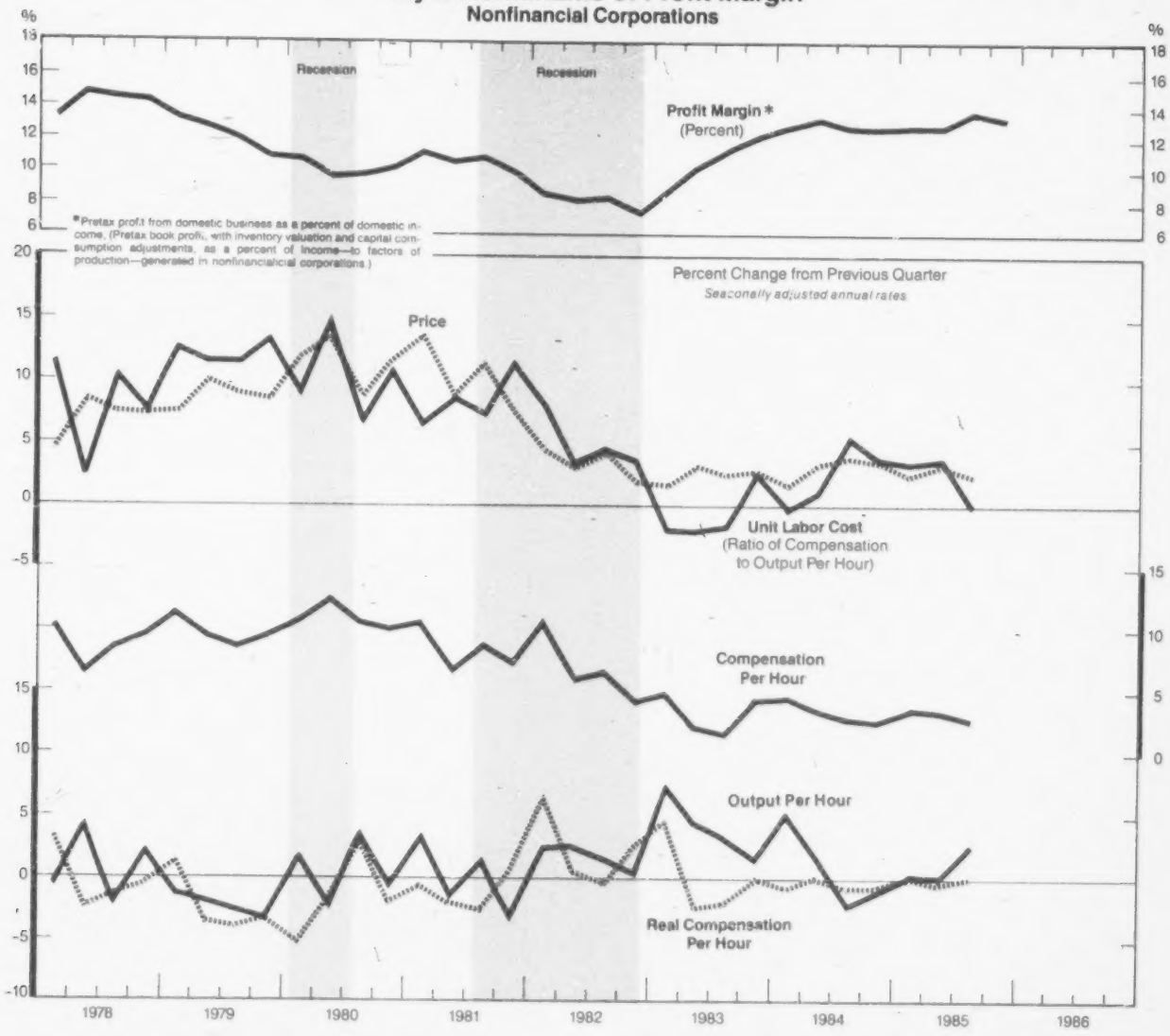
* Change in Backlog = New Appropriations - (Expenditures + Cancellations + Other Adjustments)

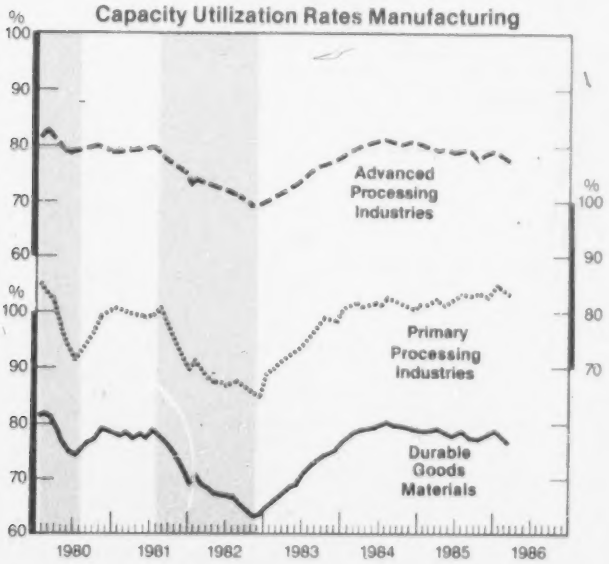


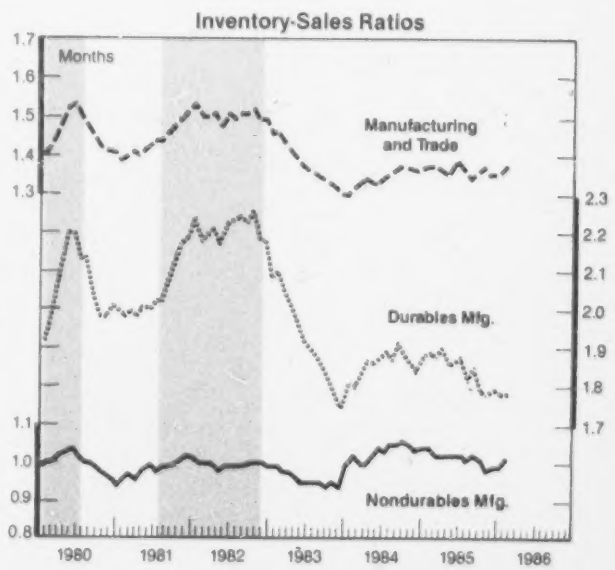
*Source of Forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin

Nonfinancial Corporations







ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*Mar., 1986*		*Mar., 1986*		*Apr., 1986*		*Apr., 1986*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1986**	**I**					**$4116.7**	**5.8%**	**$4116.7**	**5.8%**
		II	$4201.6	6.5%	$4173.6	6.2%	4166.7	4.9	4161.9	4.5
		III	4277.2	7.4	4239.9	6.5	4262.3	9.5	4240.9	7.8
		IV	4343.1	6.3	4313.9	7.2	4355.5	9.0	4315.0	7.2
	1987	I	4437.3	9.0	4384.2	6.7	4418.2	5.9	4384.7	6.6
		II	4526.7	8.3	4457.5	6.9	4489.9	6.7	4439.7	5.1
		III	4623.9	8.9	4533.7	7.0	4561.3	6.5	4511.8	6.7
		IV	4736.2	10.1	4607.9	6.7	4627.6	5.9	4540.3	2.6
	1988	I	4853.3	10.3			4691.7	5.7	4598.3	5.2
		II					4747.7	4.9		
Actual	1986	Annual	4239.4	6.3	4209.6	5.5	4225.3	5.9	4208.6	5.5
	1987	Annual	4581.0	8.1	4495.8	6.3	4524.3	7.1	4469.1	6.2
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1986**	**I**					**$3619.2**	**3.2%**	**$3619.2**	**3.2%**
		II	$3680.3	5.0%	$3651.8	3.8%	3655.0	4.0	3653.1	3.8
		III	3729.1	5.4	3697.1	5.1	3716.0	6.8	3696.9	4.9
		IV	3766.7	4.1	3745.6	5.4	3771.0	6.1	3726.8	3.3
	1987	I	3807.9	4.4	3782.5	4.0	3799.0	3.0	3745.2	2.0
		II	3843.2	3.8	3818.1	3.8	3831.0	3.4	3753.6	.9
		III	3880.0	3.9	3845.4	2.9	3859.0	3.0	3777.4	2.6
		IV	3924.8	4.7	3870.5	2.6	3879.0	2.1	3759.8	-1.9
	1988	I	3951.0	2.7			3900.0	2.2	3764.4	.5
		II					3914.0	1.4		
Actual	1986	Annual	3703.1	3.7	3678.1	3.0	3690.3	3.4	3674.0	2.9
	1987	Annual	3864.0	4.3	3829.1	4.1	3842.0	4.1	3759.0	2.3
Gross National Product deflator Index, 1982 = 100										
Actual	**1986**	**I**					**113.7**	**2.5%**	**113.7**	**2.5%**
		II	114.2	1.5%	114.3	2.3%	114.0	.9	113.9	.6
		III	114.7	1.9	114.7	1.4	114.7	2.5	114.7	2.8
		IV	115.3	2.1	115.2	1.7	115.5	2.8	115.8	3.8
	1987	I	116.5	4.3	115.9	2.6	116.3	2.8	117.1	4.5
		II	117.8	4.4	116.7	2.9	117.2	3.1	118.3	4.2
		III	119.2	4.8	117.9	4.0	118.2	3.5	119.4	4.0
		IV	120.7	5.1	119.1	4.0	119.3	3.8	120.8	4.5
	1988	I	122.8	7.4			120.3	3.4	122.2	4.7
		II					121.3	3.4		
Actual	1986	Annual	114.5	2.5	114.4	2.4	114.5	2.5	114.5	2.5
	1987	Annual	118.5	3.5	117.4	2.6	117.7	2.8	118.9	3.8
Unemployment Rate										
Actual	**1986**	**I**		**7.1%**		**7.1%**		**7.1%**		**7.1%**
		II		6.4		6.9		6.9		7.0
		III		6.2		6.7		6.7		6.8
		IV		5.0		6.6		6.6		6.6
	1987	I		5.8		6.5		6.6		6.7
		II		5.6		6.4		6.7		6.8
		III		5.5		6.4		6.8		7.0
		IV		5.4		6.5		6.9		7.2
	1988	I		5.3				7.0		7.2
		II						7.1		
Actual	1986	Annual		6.4		6.8		6.8		6.9
	1987	Annual		5.6		6.5		6.8		6.9

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (second revision) fourth quarter data.

[2]Based on prelimary first quarter data.

ECONOMIC FORECASTS (continued)

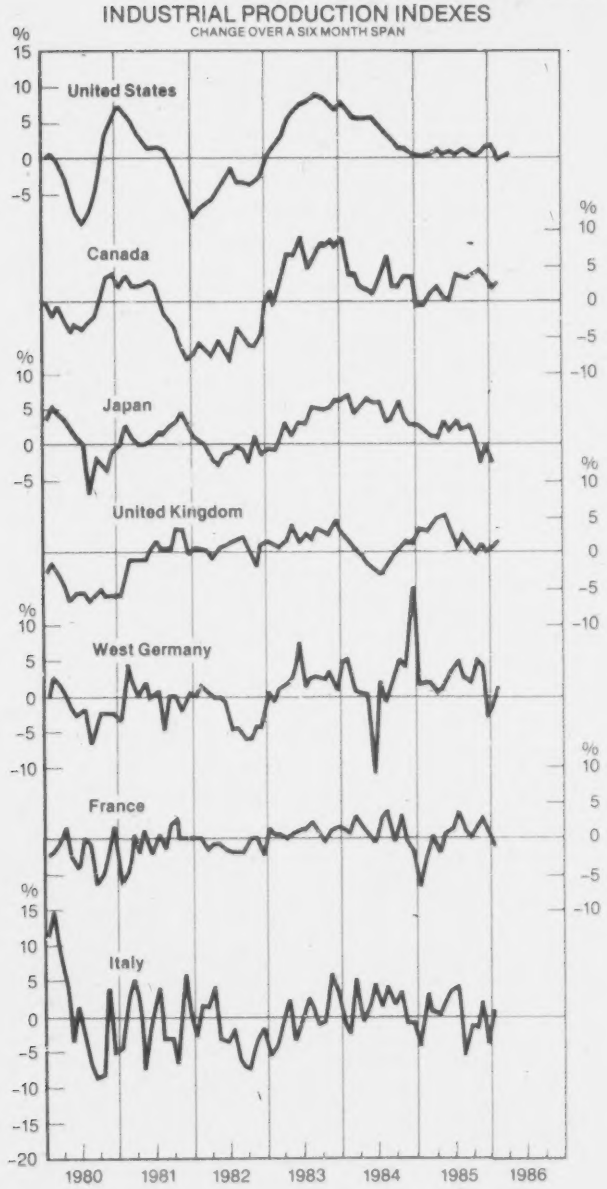
The Conference Board[1] Mar., 1986		Chase Econometric[2] Associates, Inc. Apr., 1986		Data Resources Inc.[2] Apr., 1986		Wharton E.F.A. Inc.[2] Apr., 1986		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
		$4116.7	**5.8%**	**$4116.7**	**5.8%**	**$4116.7**	**5.8%**	**I**	**1986**	**Actual**
$4168.0	5.4%	4155.0	3.8	4147.8	3.1	4169.0	5.2	II		
4240.0	7.1	4227.9	7.2	4208.9	6.0	4240.6	7.0	III		
4325.0	8.3	4306.6	7.7	4250.8	4.0	4328.8	8.6	IV		
4397.0	6.8	4388.2	7.8	4322.9	7.0	4419.1	8.6	I	1987	
4421.0	2.2	4451.8	5.9	4399.4	7.3	4498.1	7.3	II		
4448.0	2.5	4529.3	7.1	4477.4	7.3	4573.9	6.9	III		
4513.0	6.0	4600.0	6.4	4555.4	7.2	4647.8	6.6	IV		
		4670.6	6.3	4638.1	7.5	4722.8	6.6	I	1988	
		4735.7	5.7	4710.6	6.4	4800.4	6.7	II		
4211.8	5.6	4201.6	5.3	4181.1	4.8	4213.8	5.6	Annual	1986	Actual
4444.8	5.5	4492.3	6.9	4438.8	6.2	4534.7	7.6	Annual	1987	
								Gross National Product Billions of Constant (1982) Dollars		
		$3619.2	**3.2%**	**$3619.2**	**3.2%**	**$3619.2**	**3.2%**	**I**	**1986**	**Actual**
$3643.4	2.8%	3631.9	1.4	3642.9	2.6	3645.8	2.9	II		
3680.6	4.1	3671.3	4.4	3674.8	3.5	3684.1	4.3	III		
3719.2	4.3	3708.7	4.1	3693.0	2.0	3733.6	5.5	IV		
3745.3	2.8	3736.9	3.1	3728.1	3.9	3780.6	5.1	I	1987	
3730.8	−1.5	3760.2	2.5	3769.9	4.6	3818.4	4.1	II		
3722.2	− .9	3789.4	3.1	3804.7	3.7	3848.2	3.2	III		
3745.2	2.5	3812.0	2.4	3838.6	3.6	3876.3	3.0	IV		
		3834.7	2.4	3864.5	2.7	3901.1	2.6	I	1988	
		3858.3	2.5	3888.5	2.5	3922.9	2.3	II		
3665.4	2.7	3657.8	2.5	3657.5	2.4	3670.5	2.8	Annual	1986	Actual
3735.9	1.9	3774.6	3.2	3785.3	3.5	3830.9	4.4	Annual	1987	
								Gross National Product deflator Index, 1982 = 100		
		113.7	**2.5%**	**113.7**	**2.5%**	**113.7**	**2.5%**	**I**	**1986**	**Actual**
114.4	2.5	114.4	2.3	113.9	.4	114.4	2.2	II		
115.2	2.8	115.2	2.7	114.5	2.4	115.1	2.6	III		
116.3	3.8	116.1	3.4	115.1	2.0	115.9	2.9	IV		
117.4	3.9	117.4	4.6	116.0	3.0	116.9	3.3	I	1987	
118.5	3.8	118.4	3.3	116.7	2.6	117.8	3.2	II		
119.5	3.4	119.5	3.9	117.7	3.4	118.9	3.6	III		
120.5	3.4	120.7	3.9	118.7	3.4	119.9	3.6	IV		
		121.8	3.8	120.0	4.6	121.1	3.9	I	1988	
		122.7	3.1	121.1	3.8	122.4	4.4	II		
114.9	2.8	114.9	2.8	114.3	2.3	114.8	2.7	Annual	1986	Actual
119.0	3.5	119.0	3.6	117.3	2.6	118.4	3.1	Annual	1987	
								Unemployment Rate		
	7.1%		7.1%		7.1%		7.1%	**I**	**1986**	**Actual**
	7.1		7.0		7.0		7.0	II		
	6.9		6.8		6.9		6.7	III		
	6.7		6.5		6.8		6.6	IV		
	6.9		6.4		6.7		6.4	I	1987	
	7.2		6.3		6.6		6.3	II		
	7.6		6.2		6.5		6.3	III		
	7.7		6.2		6.3		6.4	IV		
			6.2		6.2		6.5	I	1988	
			6.1		6.2		6.7	II		
	7.0		6.9		6.9		6.8	Annual	1986	Actual
	7.4		6.3		6.5		6.3	Annual	1987	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

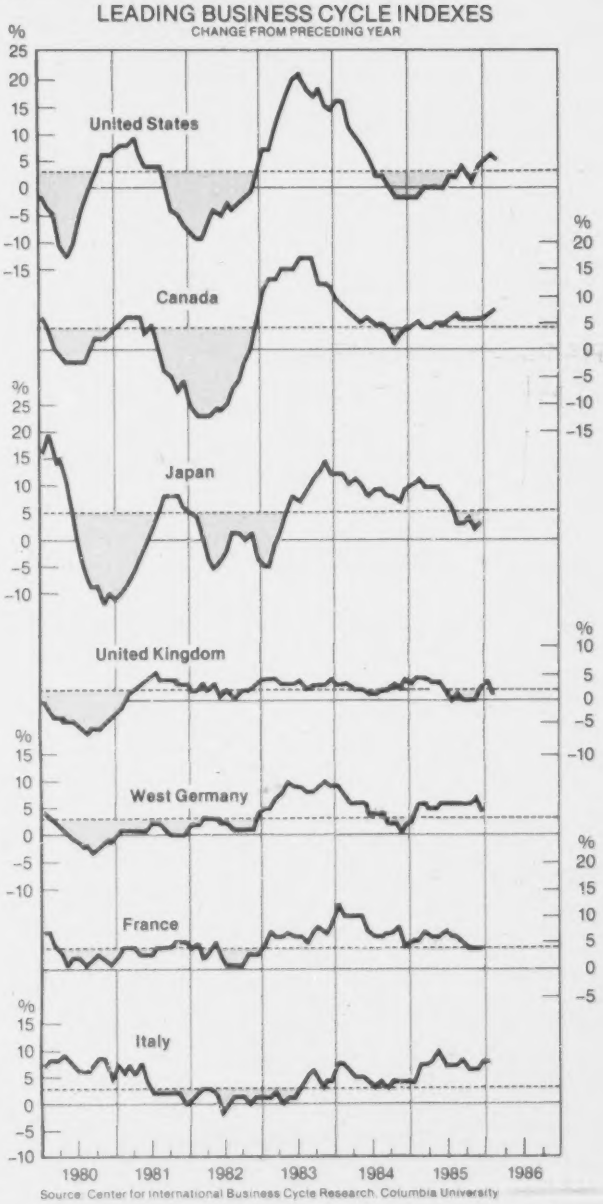
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

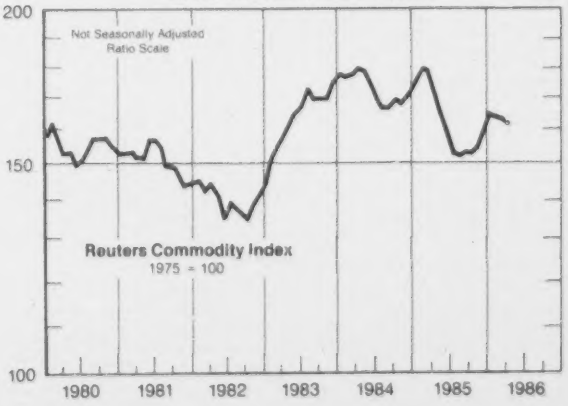
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

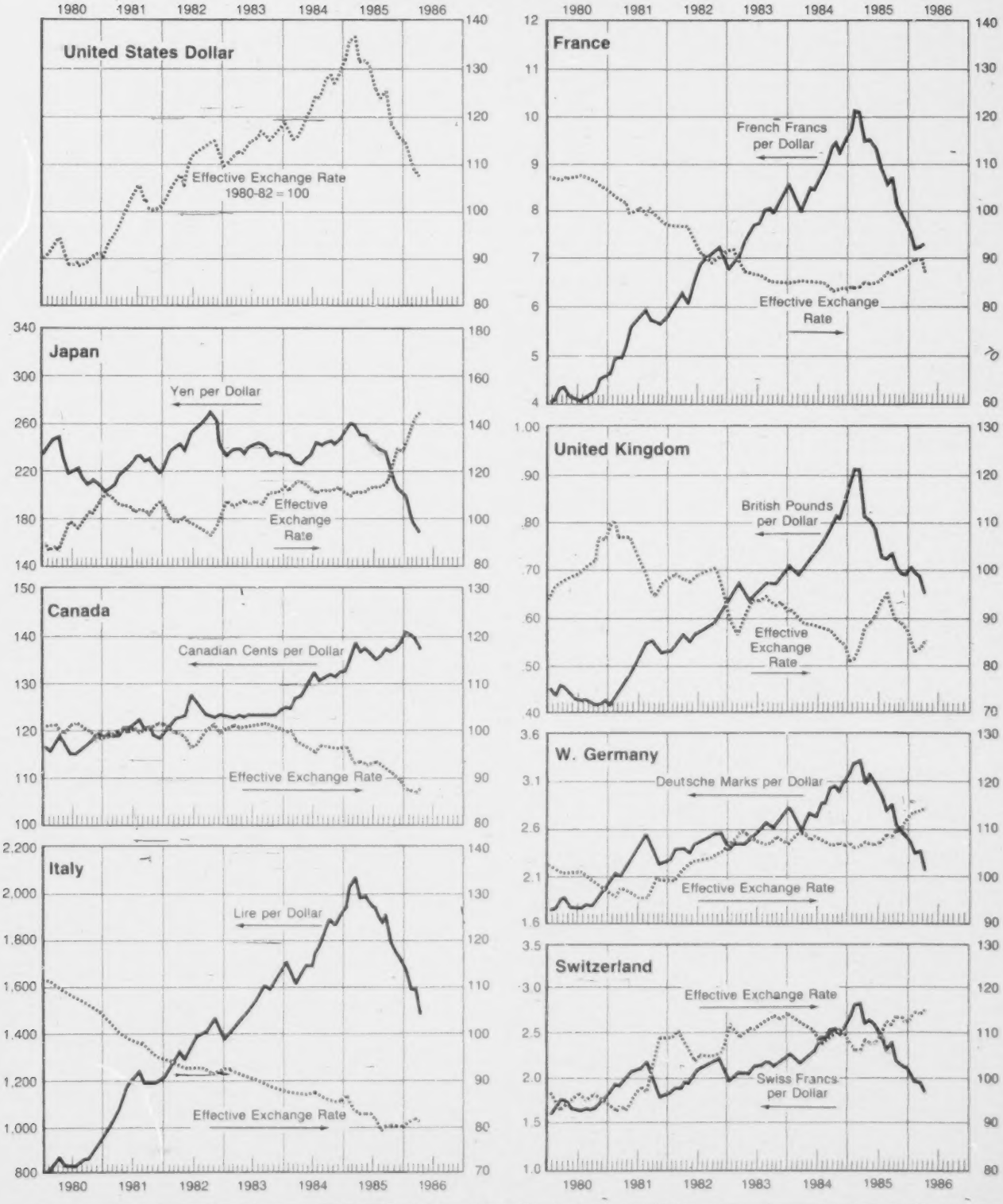
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade- using averages weighted appreciation or depreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

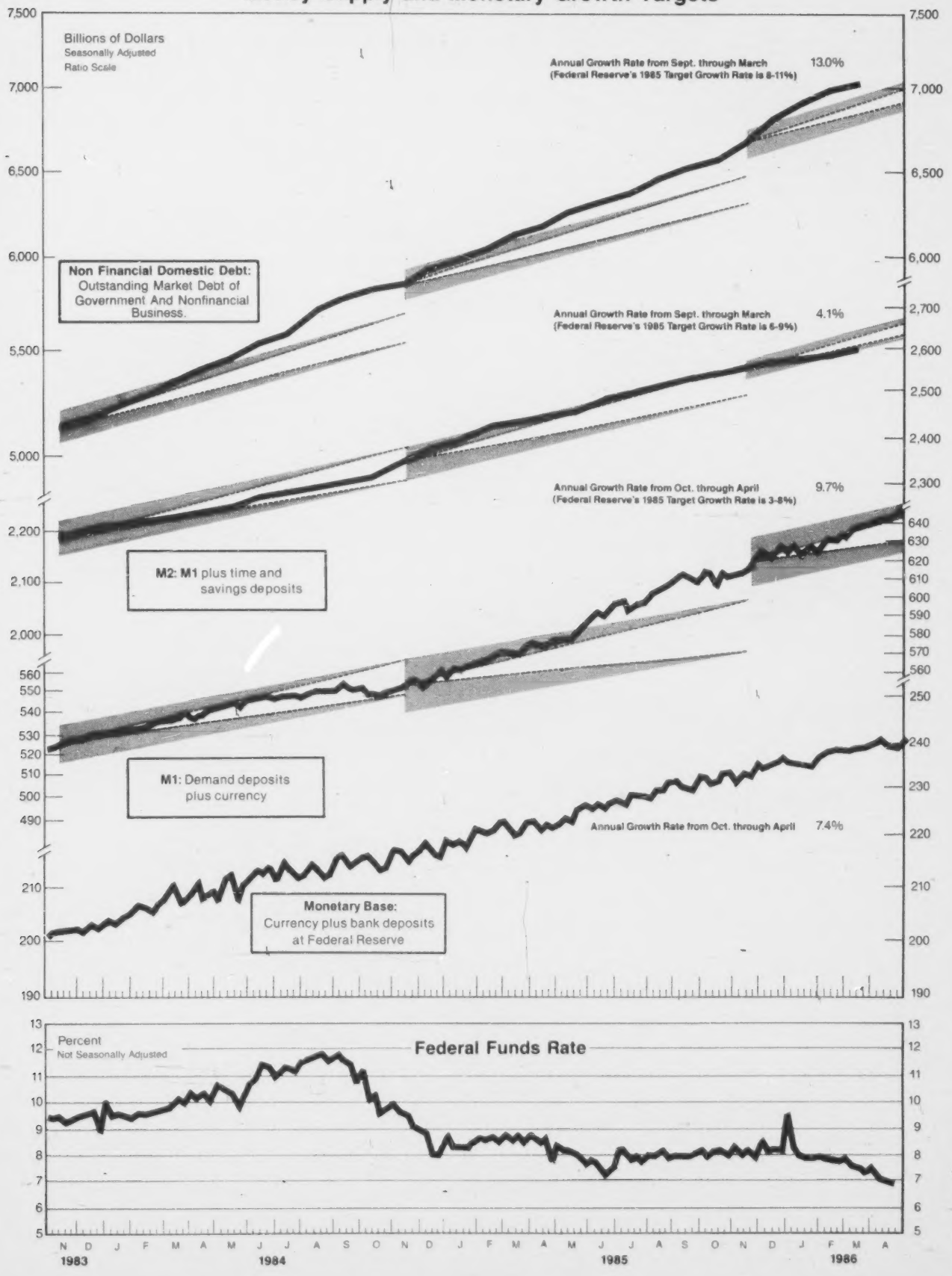
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)
Receipts	**$ 777.1**	**$ 778.7**	**$ 850.4**	**$ 849.9**	**$ 933.2**	**$ 928.1**
Outlays	**979.9**	**983.5**	**994.0**	**1,009.7**	**1,026.8**	**1,060.3**
Deficit	**-202.8**	**-204.7**	**-143.6**	**-159.7**	**- 93.6**	**-132.3**
Receipts by source	**$777.1**	**$778.7**	**$850.4**	**$849.9**	**$933.2**	**$928.1**
Individual income	353.7	354.2	386.0	385.0	425.9	422.0
Social security	280.4	280.8	302.8	302.3	335.0	333.5
Corporate income	70.9	72.2	86.7	89.4	101.2	101.2
Other receipts	72.1	71.5	74.9	73.2	71.1	71.4
Outlays by function	**$979.9**	**$983.5**	**$994.0**	**$1,009.7**	**$1,026.8**	**$1,060.3**
National defense	265.8	269.5	282.2	296.7	299.1	316.6
Social security	268.8	267.9	282.4	282.2	302.1	303.1
Income security	118.1	119.6	118.4	119.5	123.1	123.7
Health	35.7	35.6	35.0	35.1	36.7	36.8
Veterans benefits	26.6	26.7	26.4	26.5	26.9	26.9
Education & manpower	30.7	30.8	27.4	27.3	26.3	26.5
Transportation	27.1	27.5	25.5	25.6	24.1	24.3
Agriculture	25.9	30.4	19.5	21.9	19.7	23.5
International affairs	17.1	17.1	18.6	16.5	18.3	17.5
Natural resources	12.9	12.8	12.0	12.0	11.8	11.9
General science	8.9	8.9	9.2	9.1	9.3	9.4
Justice	6.8	6.8	6.9	7.1	7.0	7.2
General government	6.3	6.0	6.1	6.2	5.7	6.4
Community development	7.9	7.9	6.5	6.3	5.5	5.4
Commerce, Housing credit	3.8	4.2	1.4	3.1	3.8	4.3
Energy	4.4	4.2	4.0	4.4	4.5	4.1
Revenue sharing	6.2	5.8	1.7	1.7	1.8	1.8
Interest	142.7	139.8	148.0	144.7	145.1	152.7
Allowances	0.0	0.0	0.7	0.7	2.3	2.3
Offsetting receipts	-35.2	-37.7	-38.1	-36.8	-46.4	-44.2

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	**$4,274.0**	**$4,269.0**	**$4,629.0**	**$4,583.0**	**$4,995.0**	**$4,930.0**
Constant (1982) Dollar	**3,695.0**	**3,688.0**	**3,842.0**	**3,803.0**	**3,996.0**	**3,928.0**
Percent change in						
Current dollar	7.0%	6.9%	8.3%	7.3%	7.9%	7.6%
Constant (1982) dollar	3.4	3.2	4.0	3.1	4.0	3.3
Implicit price index	3.5	3.6	4.2	4.1	3.7	4.1
Consumer price index	3.5	3.4	4.1	4.2	3.7	4.4
91-Day T bill rate	7.3	6.8	6.5	6.7	5.6	6.4
Unemployment rate	6.7	6.7	6.5	6.7	6.3	6.5

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Sept. through March 13.0%
(Federal Reserve's 1985 Target Growth Rate is 8-11%)
Non Financial Domestic Debt:
Outstanding Market Debt of Government And Nonfinancial Business.
Annual Growth Rate from Sept. through March 4.1%
(Federal Reserve's 1985 Target Growth Rate is 6-9%)
Annual Growth Rate from Oct. through April 9.7%
(Federal Reserve's 1985 Target Growth Rate is 3-8%)
M2: M1 plus time and savings deposits
M1: Demand deposits plus currency
Annual Growth Rate from Oct. through April 7.4%
Monetary Base:
Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
1983
1984
1985
1986

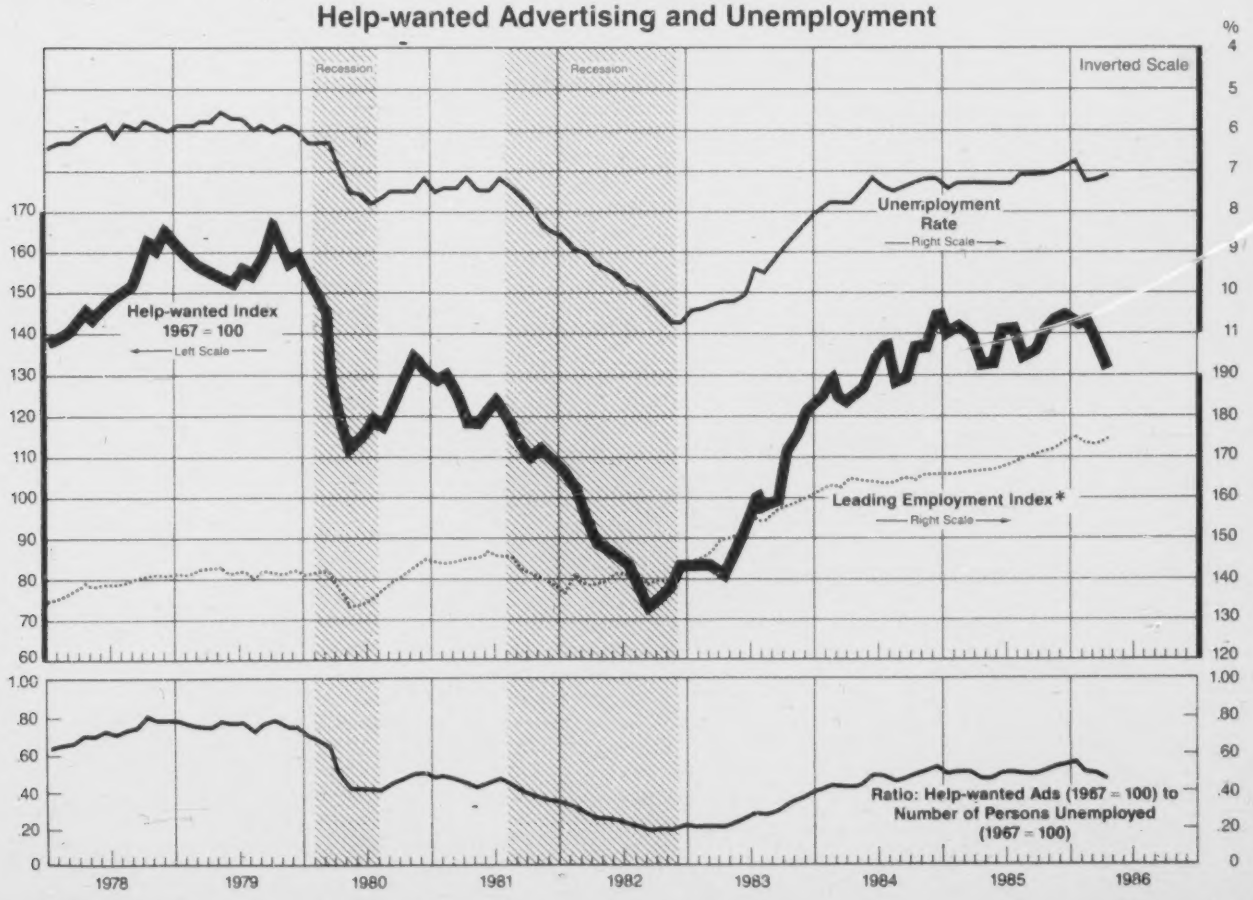
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1986 Mar.	1986 Feb.	1986 Jan.	1985 Mar.
National Index	138	142	143	141
New England	158	157	156	156
Boston	169	169	162	171
Hartford	160	154	169	153
Providence	120	117	125	106
Middle Atlantic	71	74	73	66
Albany	136	169	173	144
Allentown	198	207	196	175
New York	56	58	56	53
Philadelphia	62	62	64	60
Pittsburgh	88	87	83	72
Rochester	84	92	91	81
Syracuse	119	130	118	103
East North Central	91	92	90	88
Chicago	94	93	91	98
Cincinnati	141	148	163	132
Cleveland	63	63	60	64
Columbus	155	154	158	137
Dayton	85	82	84	80
Detroit	71	73	67	65
Gary	117	117	123	101
Indianapolis	90	93	88	88
Milwaukee	57	60	55	54
Toledo	116	139	130	109
West North Central	93	101	93	91
Kansas City	156	199	160	123
Minneapolis	70	71	71	81
Omaha	117	112	117	128
St. Louis	70	70	69	72
South Atlantic	189	193	191	193
Atlanta	276	294	287	299
Baltimore	210	214	219	215
Charlotte	159	154	161	159
Jacksonville	219	204	211	205
Miami	95	86	83	89
Richmond	130	133	128	128
Washington, D.C.	182	188	183	181
East South Central	154	164	170	138
Birmingham	158	176	173	134
Knoxville	207	202	212	227
Louisville	102	85	99	94
Memphis	128	153	128	105
Nashville	211	236	275	178
West South Central	184	206	221	251
Dallas	209	270	302	352
Houston	230	251	264	300
New Orleans	104	102	101	113
Oklahoma City	115	119	130	141
San Antonio	186	183	196	220
Tulsa	137	137	148	148
Mountain	291	306	316	320
Denver	181	194	206	226
Phoenix	439	455	458	476
Salt Lake City	297	313	330	284
Pacific	211	211	212	204
Los Angeles	155	158	156	157
Sacramento	385	380	399	341
San Bernadino	240	245	244	219
San Diego	467	474	485	443
San Francisco	210	198	203	205
Seattle	201	199	199	184
Percentage of papers with rising volume	33%	45%	49%	55%
Unemployment rate	7.2%	7.3%	6.7%	7.3%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	59.8	70.1	81.2	81.8	85.9	87.0	87.8	89.9	92.2	93.5	96.7	104.9
1984	16.8	17.6	24.0	29.3	32.3	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.8	96.9	96.9r	99.1p								

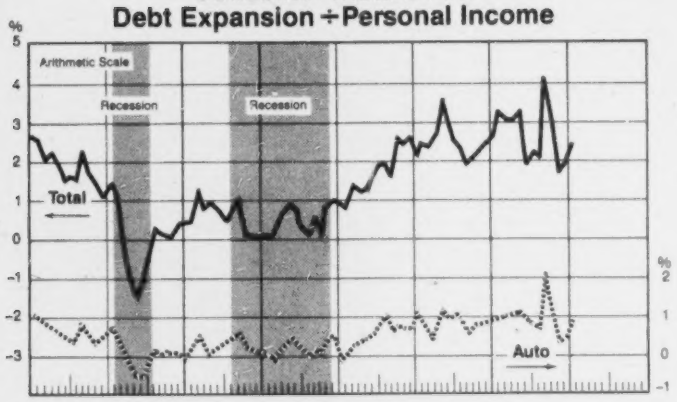
Buying Plans Index

1983	71.7	71.1	77.5	85.6	84.7	89.0	94.4	85.0	101.6	102.2	99.2	99.3
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	105.6	103.9	101.9r	134.6p								

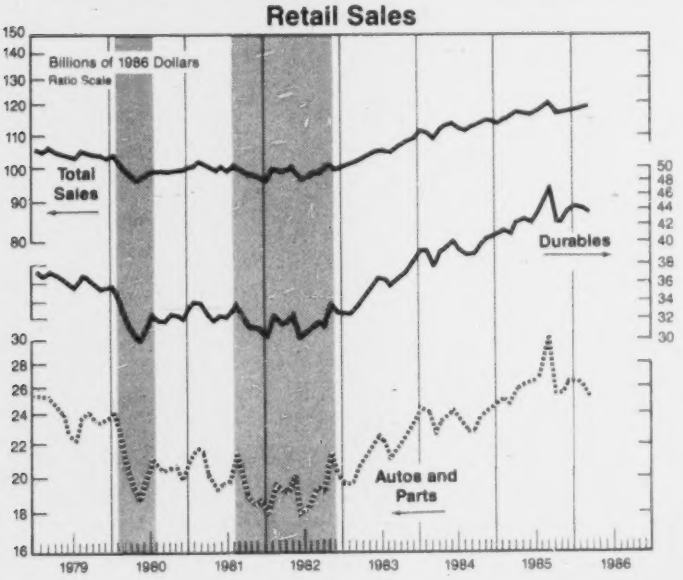
Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc. p—preliminary r—revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1983	1984	1985	1986
January:	1-10	6.17	8.16	8.69	7.97
	11-20	6.20	7.84	8.15	9.63
	21-31	5.60	9.15	8.62	8.40
February:	1-10	5.86	7.79	7.97	8.32
	11-20	5.30	9.17	8.04	8.93
	21-28(29)	6.07	7.60	8.58	6.38
March:	1-10	5.61	7.35	8.14	7.81
	11-20	6.10	8.13	8.44	6.99
	21-31	6.19	7.35	7.94	6.24
April:	1-10	6.69	8.88	8.16	8.39
	11-20	6.52	7.96	9.12	6.97
	21-30	6.35	8.60	8.46	7.96
May:	1-10	6.67	8.75	7.45	8.13
	11-20	6.30	7.74	8.69	
	21-31	6.97	8.43	7.70	
June:	1-10	7.23	7.22	8.21	
	11-20	7.34	8.25	8.02	
	21-30	7.28	8.10	7.16	
July:	1-10	7.25	9.51	7.89	
	11-20	7.36	8.32	7.47	
	21-31	7.43	8.59	7.53	
August:	1-10	7.39	7.33	6.47	
	11-20	6.11	8.07	8.39	
	21-31	6.65	7.43	13.29	
September:	1-10	6.26	8.13	12.76	
	11-20	7.21	8.52	10.63	
	21-30	6.55	6.03	9.49	
October:	1-10	7.52	7.83	7.44	
	11-20	7.56	7.07	6.27	
	21-31	7.45	7.70	6.75	
November:	1-10	6.96	6.60	6.04	
	11-20	6.55	8.44	6.66	
	21-30	7.62	6.57	6.70	
December:	1-10	7.30	8.75	7.72	
	11-20	8.09	7.96	6.74	
	21-31	8.48	8.19	10.38	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales